

SUMMARY ANALYSIS OF AMENDED BILL

Franchise Tax Board

Author: Robert Pacheco Analyst: Marion Mann DeJong Bill Number: AB 2487

Related Bills: See Prior Analysis Telephone: 845-6979 Amended Date: 05/16/2000

Attorney: Patrick Kusiak Sponsor:

SUBJECT: County Firearms Buyback Program Fund Donations Credit

DEPARTMENT AMENDMENTS ACCEPTED. Amendments reflect suggestions of previous analysis of bill as introduced/amended _____.

AMENDMENTS IMPACT REVENUE. A new revenue estimate is provided.

AMENDMENTS DID NOT RESOLVE THE DEPARTMENT'S CONCERNS stated in the previous analysis of bill as introduced/amended _____.

FURTHER AMENDMENTS NECESSARY.

DEPARTMENT POSITION CHANGED TO _____.

☒ REMAINDER OF PREVIOUS ANALYSIS OF BILL AS INTRODUCED February 24, 2000, STILL APPLIES.

OTHER - See comments below.

SUMMARY OF BILL

Under the Revenue and Taxation Code, this bill would allow a credit equal to 30% of the amount of any money donated to any county firearms buyback program fund.

Under the Penal Code, this bill would establish a Firearms Buyback Program. Under this program, a county could establish a firearms buyback program administered by the sheriff's department. The program would be funded by donations.

This analysis discusses only the income tax credit.

SUMMARY OF AMENDMENT

The May 16, 2000, amendments increased the credit percentage to 30%, capped the amount of credit at \$1,000 per year per taxpayer, clarified that only cash donations qualify for the credit, limited the carryover period and added a sunset date.

The "Legislative History" and the current law discussion under "Specific Findings" in the department's analysis of the bill as introduced February 24, 2000, still apply. The remainder of that analysis and the analysis of the bill as amended April 11, 2000, are replaced with the following.

EFFECTIVE DATE

This bill would become effective January 1, 2001, and would apply to taxable or income years beginning on or after January 1, 2001, and before January 1, 2003.

SPECIFIC FINDINGS

This bill would allow a credit equal to 30% of the amount of any money donated by the taxpayer to any county firearms buyback program fund.

Board Position:

<input type="checkbox"/> S	<input type="checkbox"/> NA	<input type="checkbox"/> NP
<input type="checkbox"/> SA	<input type="checkbox"/> O	<input type="checkbox"/> NAR
<input type="checkbox"/> N	<input type="checkbox"/> OUA	<input checked="" type="checkbox"/> PENDING

Legislative Director

Date

Johnnie Lou Rosas

6/6/00

The amount of the credit would be limited to \$1,000 per taxpayer annually. A "County Firearms Buyback Program Fund" would mean a fund designated by a county for the receipt of donations pursuant to the Firearms Buyback Program established by this bill.

Any credit amount in excess of tax could be carried forward up to eight years. The credit would be repealed on December 1, 2003.

Implementation Considerations

Implementing this bill would require some changes to tax forms and instructions and information systems, which could be accomplished during the department's normal annual update.

Technical Consideration

Amendments 1 and 3 would remove a repeated word.

Amendment 2 would replace "taxable" with "income" since the Bank and Corporation Tax Law uses the term "income years."

FISCAL IMPACT

Departmental Costs

This bill would not significantly impact the department's costs.

Tax Revenue Estimate

This bill would result in negligible revenue losses of less than \$250,000 annually. The May 16, 2000, amendments increased the credit percentage from 15% to 30% and limited the credit to a maximum of \$1,000 per taxpayer annually. Increasing the proposed credit percentage could incrementally increase previously estimated losses of \$150,000 annually. An increase, if any, would be immaterial.

Tax Revenue Discussion

Money donated and the amount of credits that could be applied to reduce tax liabilities would determine the revenue impact of this bill.

For every \$100,000 in cash donated to a county firearm buyback program, credits generated would be \$30,000. If, for example, \$500,000 in cash were donated by individuals or business entities to all such county programs in any given year, revenue losses would be \$150,000 assuming all credits could be applied in the year generated.

As this type of county program does not currently exist, data to measure potential revenue losses also does not exist. On personal income tax returns, only the most significant of existing voluntary check-off contributions receives donations of roughly \$500,000 in any given year. It is difficult to predict how many counties would designate a fund under this bill.

BOARD POSITION

Pending.

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FRANCHISE TAX BOARD'S
PROPOSED AMENDMENTS TO AB 2487
As Amended May 16, 2000

AMENDMENT 1

On page 5, line 3, strikeout "section".

AMENDMENT 2

On page 5, line 25, strikeout "taxable" and insert:

income

AMENDMENT 3

On page 5, line 29, strikeout "section".